



**STATEMENT OF PROCEEDINGS  
FOR THE REGULAR MEETING OF THE  
LOS ANGELES COUNTY AUDIT COMMITTEE  
KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012**

**Thursday, June 16, 2016**

**10:30 AM**

AUDIO FOR THE ENTIRE MEETING. (16-3159)

**Attachments:** [AUDIO](#)

Present: James A. Blunt, Vice Chair Dorinne Jordan, Member Kieu-Anh King and Member Fred Leaf

Absent: Member Carl Gallucci

**I. ADMINISTRATIVE MATTERS**

1. Call to Order. (16-2872)

**The meeting was called to order by James Blunt at 10:39 a.m.**

2. Approval of the May 19, 2016 meeting minutes. (16-2873)

**On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was approved.**

**Attachments:** [SUPPORTING DOCUMENT](#)

**II. BOARD POLICIES**

3. Recommendation to review changes to Board Policy No. 5.015 - Timely Submission of Contracts for Board Approval and extend the sunset review date to July 19, 2020 (5/19/16). (16-2871)

**On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was approved.**

**Attachments:** [SUPPORTING DOCUMENT](#)

---

**III. OLD BUSINESS**

4. Recommendation to approve proposed Board Policy entitled, Proposed Encryption Policy and Implementation Guidelines, for submission to the Board of Supervisors for final action (3/4/16)(Continued from the meetings of 3/17/16 and 5/19/16). (16-1353)

**Kirk Shelton, Chief Executive Office (CEO), indicated that the proposed policy was in response to a two (2) part Board motion by Supervisor Mark Ridley-Thomas. Part I of the motion was the encryption of county workstations which was completed in 2015. Part II is to convene a workgroup to look into policies and standards for encryption for all personal and health benefits information that contractors store/transmit. This policy lays out the rules for encryption and the implementation of how CEO works with other departments to make that happen.**

**In response to questions posed by Dorinne Jordan, Second District, Peter Loo, CEO, confirmed that policies are updated periodically by Federal agencies that require notifications to departments. CEO will notify departments as requirements change, will oversee policies, and ensure departments are implementing changes with respected contracts.**

**Lillian Anjargolian, County Counsel (CoCo), stated that every department will report their implementation efforts to CEO once every 30 days. The proposed policy will allow CEO to inform certain departments that they do not need to report every 30 days when there are no changes. Ms. Anjargolian confirmed that CoCo's role is to support implementation of the policy, receive guidance from the Chief Information Officer, make changes to standards and if standards get changed, making changes to contracts and drafting form amendments to make sure all agreements are in line with the policy, and to ensure standard language is included.**

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was approved.**

**Attachments:**     [SUPPORTING DOCUMENT](#)  
                              [SUPPORTING DOCUMENT](#)

5. Sheriff's Department - Review of Transactions between Los Angeles County and Palantir Technologies, Inc. (Board Agenda Item 7, April 14, 2015)(8/28/15)(Continued from the meetings of 9/17/15, 10/15/15, 11/19/15 and 12/17/15). (15-4177)

**Chuck Porter, Sheriff's Department (LASD), reported that LASD have asked the agency to evaluate inventory in terms of the value of the 44 servers.**

Mr. Porter indicated that they have a good idea what the values are based on the fact that they are Dell PCs and can go onto Dell's website to determine. Mr. Porter added that since the units were procured through a purchase order (PO), LASD did not identify it was theirs until late in the audit. The fixed asset group obtained documents needed to tag the units. After the fixed asset group completes their tagging, the units are put in capital assets.

In response to questions posed by Kieu-Anh King, Third District, Art Chavez, LASD, confirmed that the agency was contacted, but have not heard back from them. Mr. Porter indicated that they will give the agency more time, then will work with A-C to evaluate the units themselves. Mr. Porter assured Mr. King that it is doable in short-term.

In response to Mr. King's questions regarding recommendation No. 8, Mr. Porter stated that Joe Sandoval, Internal Services Department, informed him of the Retroactive Contract Review Committee's (RCRC) process. LASD will need to complete evaluation documentation and will move forward for RCRC's review for future implications on these types of PO's.

Luci Gutierrez, Contracts Division, ISD, explained the review process and indicated that the department was required to put together a corrective action plan (CAP) and all required documentation that goes with their responses to RCRC. ISD will disseminate the information to RCRC for recommendations. Ms. Gutierrez added that if the situation requires Board action, the department will need to include the RCRC recommendation in its Board Letter.

On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was received and filed. LASD was asked to report back to the Audit-Committee via email on findings subsequently to working with RCRC.

**Attachments:**    [SUPPORTING DOCUMENT](#)  
                              [SUPPORTING DOCUMENT](#)  
                              [SUPPORTING DOCUMENT](#)  
                              [SUPPORTING DOCUMENT](#)

6. Department of Health Services - Contract Monitoring Operations Review (2/23/16)(Continued from the meetings of 3/17/16 and 5/19/16). (16-1237)

**On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

7. Fiscal Year 2014-15 Single Audit Report (3/31/16)(Continued from the meeting of 5/19/16). (16-1880)

**Connie Yee, Accounting Division, A-C, introduced Jim Godsey and Linda Hurley of Macias, Gini & O'Connell, LLP (MGO), independent auditors for the County.**

**Linda Hurley, MGO, provided an overview of the Single Audit Report and indicated that it covers all of the budget expenditures that the County incurred during the 2015 fiscal year. MGO audited 12 major programs based on a risk assessment. Ms. Hurley discussed three (3) items from the 2015 audit and presented three (3) Federal Award findings.**

**Kieu-Anh King, Third District, asked what departments and CEO need to do regarding results of findings and qualified opinions. Mr. Godsey explained the process and stated that if questioned costs are identified and the amount is disallowed, then there would be a discussion with the County about repayment to offset future funding. Mr. Godsey stated that the qualification of their opinion is on the compliance finding because of the number of perception that they saw out of the ones they tested. Once they pass a certain threshold, the number of items tested will determine whether or not it complied.**

**Ms. Yee stated that once MGO issues the report, A-C will send it to the Federal Clearing House and State Controller's Office which they send to their State agencies. Those state agencies may look at the report and contact that specific department regarding disallowed costs and request a response.**

**Mr. Godsey added that the Federal Government requires these major programs get audited every three (3) years, assuming there are no real issues. If major issues occur then they are required to potentially get audited every year. These programs have not been audited every year since they do not have a true trend. Mr. Godsey also stated that since the County does not have a centralized grant management process, it continues to be a challenge to the County.**

**Ms. Yee provided an overview on A-C's interaction with departments in reporting grants and stated that they continue to proactively work with departments to obtain information to report on their Federal schedule.**

**Mr. Godsey stated that a big challenge is an I.T. / cyber security. GMO will not conduct I.T. review for 2016, but will work with internal audit. GMO wants to see the level of risk assessment that the County has done. Mr. Godsey stated that this is something they can do relatively effectively and efficiently and if they see an issue where the risk assessment is inappropriate or if it is not being followed up timely, they would be reporting it back to the County.**

**In response to questions posed by Dorinne Jordan, Second District, Ms. Yee explained A-C's fiscal audit process. Mr. Godsey stated that MGO's process is driven by single audit**

**On motion of Kieu-Anh King, seconded by James Blunt, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)  
[SUPPORTING DOCUMENT](#)  
[SUPPORTING DOCUMENT](#)

- 8.**     Semi-Annual Fraud Hotline Status Report - July 1, 2015 Through December 31, 2015 (5/6/16)(Continued from the meeting of 5/19/16). (16-2450)

**On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

- 9.**     Countywide Contract Monitoring Division (CCMD) Fiscal Year 2016-17 Draft Monitoring Plan (5/13/16)(Continued from the meeting of 5/19/16). (16-2531)

**This item was discussed jointly with Item Nos. 10, 23 and 24.**

**Aggie Alonso, A-C, explained that the Probation camp monitoring proposal is a risk-based plan based on the provision's historical information. A-C proposes to conduct semi-annual reviews on provisions with the highest risk. Provisions with medium risk will be reviewed once annually and low risk provisions will not be reviewed. Mr. Alonso stated that some of the titles of the provisions listed can be misleading; A-C will create a legend to better identify them. A-C will amend provision No. 10 to read "Implementation of Use of Force Policy" or something along that line.**

In response to questions posed by the Committee, Mr. Alonso confirmed that if the plan is approved, A-C can commence with Probation camp monitoring in July 2016. The Committee asked A-C to brief the Justice Deputies on the proposed plan and return next month.

Robert Smythe, A-C, clarified that the document dated June 16, 2016 under Agenda Item No. 24 provides supplemental information to the supporting document dated June 10, 2016 under Agenda Item No. 10 which responds to Kieu-Anh King's, Third District, memo dated May 12, 2016 under Agenda Item No. 24. It includes a revised audit plan with indication of hours budgeted for the fiscal year 2016-17 and 2017-18 and strikethrough of reviews A-C will eliminate in order to fund and increase audit hours for operational and program reviews. Mr. Smythe indicated that the overall audit hours for routine audits such as cellphone and voyager reviews will be reduced; leaving highest risk, procurement, and payroll reviews on.

Mr. Alonzo, explained that the supporting document dated June 10, 2016 for Agenda Item No. 9 addresses the requests from the Committee from the May 19, 2016 meeting. It includes a modified monitoring plan for Fiscal Year 2016-17, estimated hours for each review, the Probation camps review is incorporated, Probation monitoring proposal, a list and breakdown of all the programs in the six (6) client departments CCMD monitors, and a summary of contract monitoring operations throughout the County which includes which departments have contract monitoring units, centralized/decentralized/both, dedicated units, and identify how much staff they have. Mr. Alonzo added that not all information on the list of program is available, but he will email the members the revised schedule upon receipt.

Mr. Smythe added that the table on the supporting document dated June 10, 2016 for Agenda Item No. 10 which reviews are mandated and which are discretionary. It also provides suggestions on which reviews A-C would like to reduce or eliminate such as Proposition A Contract reviews and Commission Sunset Reviews. Mr. Smythe stated that by increasing the threshold amount it will reduce the numbers of contracts reviewed. Some changes will require changes to the Board Policy which A-C would work with CoCo to make the update.

In response to questions posed by James Blunt, First District, Mr. Smyth advised that reducing the volume of Proposition A Contract reviews and

---

**Sunset Reviews will free up resources. Departments will continue to produce the report and reviews and A-C will provide assistance with technical and skillset.**

**Peter Hughes, A-C, noted that if operational program audit are decreased in a department, a proposed audits will need to stay within the hours allocated to avoid renegotiation with the department since each department will have a budget for audit services.**

**After discussion, on motion of Kieu-Anh King, seconded by Dorinne Jordan, the Audit Committee took the following actions:**

- 1. Agenda Item No. 9 was continued to the next meeting;**
- 2. Agenda Item No. 10 was continued to the next meeting;**
- 3. Agenda Item No. 23 was continued to the next meeting and A-C was asked to brief the Justice Deputies; and**
- 4. Agenda Item No. 24 was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

- 10. Audit Division Fiscal Years 2016-17 and 2017-18 Draft Audit Plan (5/13/16)(Continued from the meeting of 5/19/16). (16-2535)**

**This item was discussed jointly with Item Nos. 9, 23 and 24.**

**After discussion, on motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

#### **IV. REPORTS**

- 11. Fiscal Year 2015-16 Cash Flow Projection (5/17/16). (16-2866)**

**On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

- 12. Fiscal Year 2015-16 Third Quarter Report on Audit-Related Funding Transferred from General Fund Departments (5/17/16). (16-2867)**

**On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

13. Fiscal Year 2015-16 Third Quarter Report on Charges to Provisional Financing Uses for Board-Directed Assignments/Audits of General Fund Departments (5/17/16). (16-2868)

**Dorinne Jordan, Second District, asked how many more follow-ups are scheduled for the Assessor management audit. Robert Smythe, A-C, confirmed that they are done and follow-up will be done as needed.**

**In regards to the Music Center financial audit, Mr. Smythe confirmed that the audit was closed out in October 2015.**

**On motion of Dorinne Jordan, seconded by Fred Leaf, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

14. Feasibility of Conducting Annual Information Technology and Security Policy Audits (Board Agenda July 14, 2015, Item 8)(5/18/16). (16-2869)

**On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

15. Annual Report on Foundations and Support Groups (5/20/16). (16-2870)

**On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

16. Para Los Ninos - A Department of Mental Health Service Provider - Program Review (5/31/16). (16-2888)

**On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

17. Topanga-Roscoe Corporation DBA Topanga West Guest Home - A Department of Mental Health Service Provider - Program Review (5/31/16). (16-2889)

**On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

18. Contractor Alert Reporting Database Status Report - June 2016 (6/8/16). (16-3029)

**On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

19. Southeast Los Angeles county Workforce Development Board - A Community and Senior Services' Los Angeles County Youth Jobs Program Provider - Contract Compliance Review - Fiscal Year 2013-14 (6/9/16). (16-3057)

**On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

20. Review of Probation Department's Compliance with the Department of Justice Settlement Agreement for the Juvenile Camps (6/10/16). (16-3101)

**On motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

## **V. DISCUSSIONS**

21. Discussion the Board of Supervisors Policy Manual by Lori Glasgow, Executive Officer. (16-2916)

**Lori Glasgow, Executive Officer, of the Board of Supervisors, stated that it was brought to her attention that the current Board of Supervisors Policy Manual website is not user friendly and not searchable by keywords or terms. The Executive Office (EO) would like to convert the website similar to the user friendly municipal code website with enhanced features. Ms. Glasgow noted that the preliminary enhancement will be ready for the Committee's review in August 2016. Members are welcome to submit suggestions of what they would like the website to include.**

**John Wei, Assistant Executive Officer, indicated that the new Board Policy website enhancement will have the same concept and functionality as the municipal code website with features such as search, sharing, downloading, and printing. The website will have updates to the policy chapter layout and will eliminate subtitles after each chapter. Staff will conduct a comprehensive study of each policy title to ensure content of the policy are aligned with the chapter title. Mr. Wei added that when a policy**

---

**sunsets, departments will have the capability to download the Word document version of the policy and track changes.**

**In response to questions posed by James Blunt, First District, Mr. Wei confirmed that there will be no additional cost since staff will incorporate the comprehensive review into their existing workload. Also, there is a platform already in place and will only need to build a template.**

**Kieu-Anh King, Third District, asked for the name of the platform. Rony Wirtz, Executive Office, confirmed it is DNN Software; a DotNet platform that is comparable to WordPress and other work matching system.**

**Ms. Glasgow added that the new EO website will launch on June 24, 2016. The new policy website would be accessible from the EO website. Ms. Glasgow requested to return in August 2016 with the new website for the Committee's review and input.**

- 22. Increasing Departments' Delegated Purchasing Authority (Continued from the meetings of 3/17/16 and 5/19/16). (16-0912)**

**Robert Smythe, A-C, will invite Gerald Plummer, ISD, and Joe Sandoval, ISD to attend the next meeting to discuss this item.**

**By Common Consent, there being no objection, this item was continued to the next meeting to allow representatives from ISD to attend.**

- 23. Department of Justice - Probation Camp and Hall Reviews (Continued from the meetings of 3/17/16 and 5/19/16). (16-1354)**

**This item was discussed jointly with Item Nos. 9, 10 and 24.**

**After discussion, on motion of Kieu-Anh King, seconded by Dorinne Jordan, this item was continued to the next meeting and A-C was asked to brief the Justice Deputies.**

- 24. Discussion and recommended changes to the 2016-17 Countywide Audit Plan (Continued from the meeting of 5/19/16). (16-2325)**

**This item was discussed jointly with Item Nos. 9, 10 and 23.**

**After discussion, on motion of Kieu-Anh King, seconded by Dorinne Jordan, item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)  
[SUPPORTING DOCUMENT](#)

- 25.** Pending Audits/Monitoring Reports. (16-2876)

**There were no matters presented.**

**VI. MISCELLANEOUS**

- 26.** Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (16-2877)

**There were no matters presented.**

- 27.** Public Comment. (16-2879)

**No members of the public addressed the Committee.**

- 28.** Adjournment. (16-2881)

**There being no further business to discuss, the meeting was adjourned at 12:12 p.m.**